

**HASHOMER ALARM SYSTEMS, INC.**  
**COMMERCIAL - RESIDENTIAL**

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SPRING VALLEY, NY 10977  
845-425-0104 718-851-2097

PERETZ KLEIN  
President

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February 4, 2016

Letter of Appeal  
School & Libraries – Correspondence Unit  
30 Lanidex Plaza West  
P.O. Box 685  
Parsipanny, NJ 07054-0685

To Whom It May Concern:

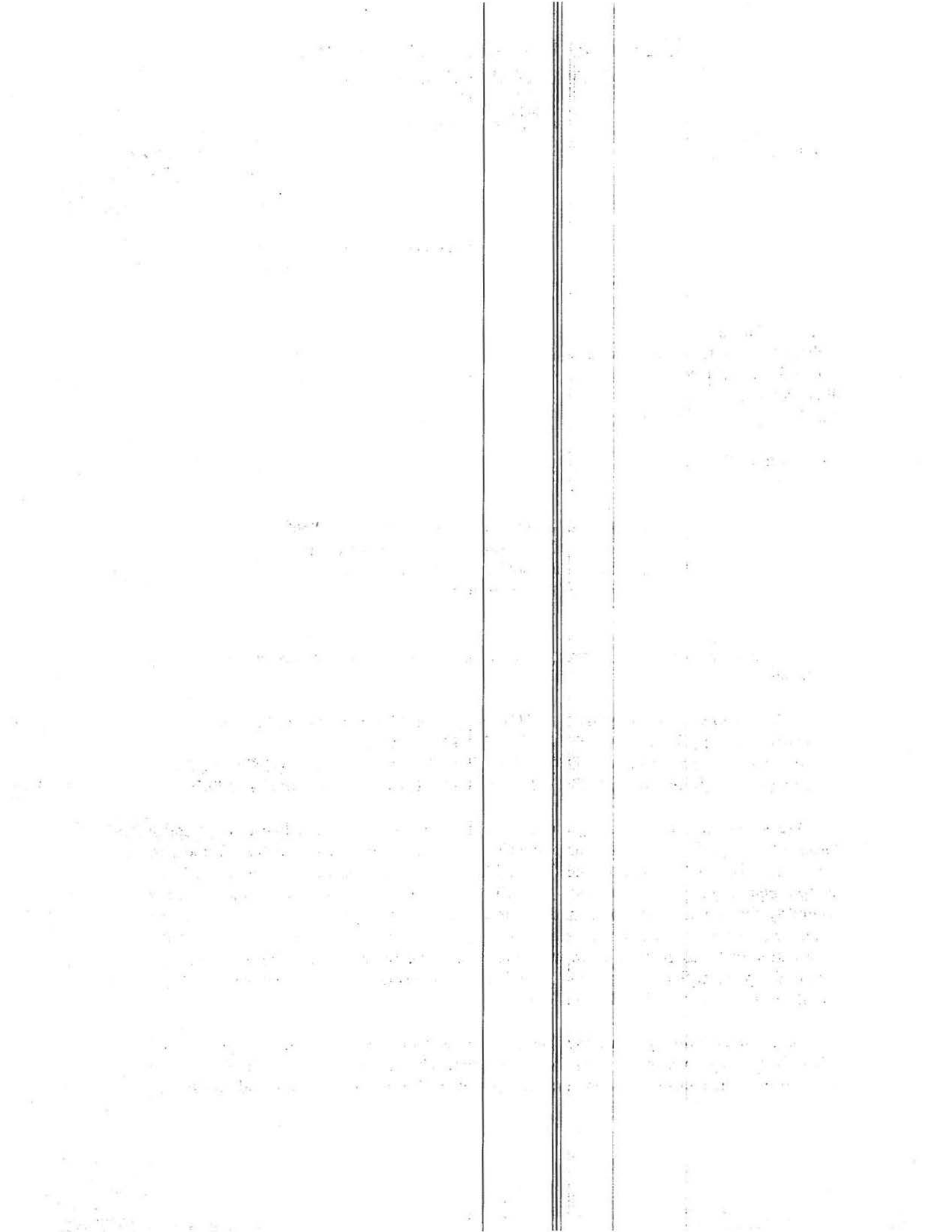
**RE: Hashomer Alarm Systems, Inc. SPIN 143009508**  
**Notification of Commitment Adjustment Letter**  
**Funding Year 2010: July, 1, 2010 – June 30, 2011**  
**Letter Dated: January 29, 2016**

This is an appeal for the commitment adjustment letter stated above for the following applicant:

**Be'er Hagolah Institutes; BEN 198310; Applicant Contact: Rafael Fischer**  
**Form 471 Application #: 755937; FRN # 2042798; Recovery amount \$8,836.97**  
**Form 471 Application #: 755937; FRN # 2042817; Recovery amount \$15,515.10**  
**Form 471 Application #: 755937; FRN # 2042834; Recovery amount \$4,249.20**

We would like to address a number of objectives that we would like to accomplish through this appeal. Firstly, of course, the COMAD itself of the above mentioned amounts. We would like to fully clarify the Bogen PBX Expansion system in order to have the commitment adjustment rescinded. Our ultimate goal is to demonstrate the system's eligibility for continued use and funding through the USAC system. It is our belief that somewhere along the line, USAC received misinformation or misunderstood some of the information that was given to them with reference to the Bogen system. We will therefore begin this appeal with a brief clarification of the how the Bogen system functions in order to eliminate any previous misunderstandings.

Hashomer Alarm Systems, Inc. has been serving the needs of both commercial and private sectors for over thirty years. We were approached by a number of schools over the years to help their institutions procure an affordable PBX solution for both administrative



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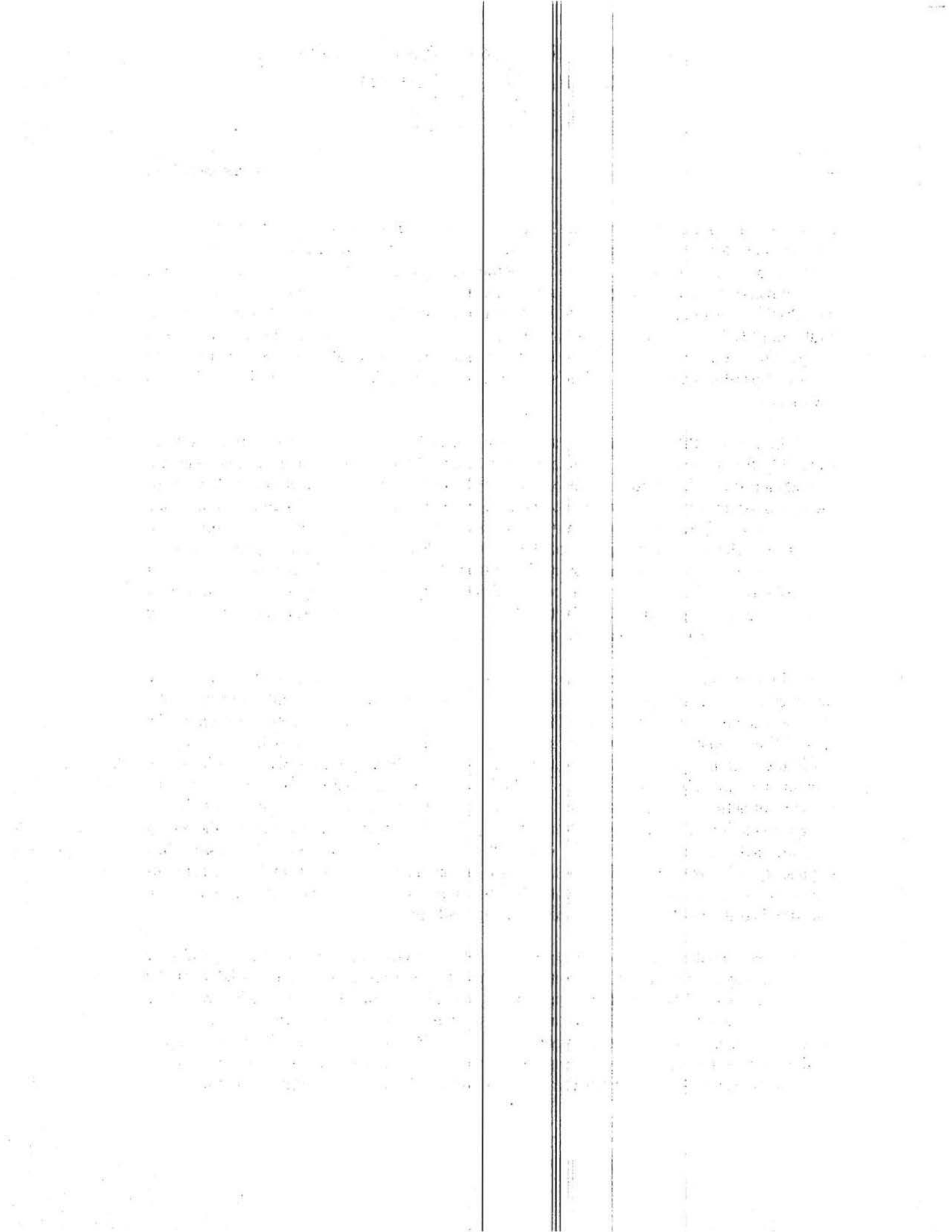
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and classroom use. At that time, Hashomer did extensive research to come up with the most reliable and cost effective system that would be both Erate eligible and cost effective for their customers. After much review, Hashomer found that the best options for a PBX and PBX expansion system would be to combine equipment from more than one manufacturer. The PBX expansion system found to be the most appropriate for the schools was the Bogen Multicom PBX Expansion Unit. It proved to be the most cost effective and, because it was specifically produced for school and classroom use, the most durable and reliable of all the other comparable systems. In addition, it was listed on the Eligible Services List on USAC's website.

The way the PBX Expansion systems works is as follows: The primary PBX offers the capability for advanced multiline telephone devices, IP telephones, voicemail and standard and advanced telephone line interfaces such as PRI or SIP Trunks. Nevertheless, in areas of the school or library where single line phones are utilized, more resilient equipment is called for. This is where the Bogen equipment rises above the rest – in its durability and reliability. The fact that the prices of the station cards and the system component cards of the Bogen system is less than those of the primary PBX makes the Bogen system the most cost effective. When we compared costs and reliability, incorporating the consequences of less repair and maintenance calls for the Bogen system overall, the cost effectiveness of the Bogen system was most valuable for all concerned.

Although the description of the above system is indicative of how our systems are designed, the Bogen system can technically be designed as a separate intercom or public address system. However, if this would be the case, the list of components itemized in the Item 21 attachment would verify such usage. The manner in which our company configures and integrates the two systems – the primary PBX and the PBX expansion – the system is completely eligible. It is our belief, that this fact is what prompted USAC to take the current action of adjusting previously committed funds. A simple misunderstanding or misinterpretation of a person who is not thoroughly familiar with the systems and the way it is configured can cause much confusion. We have been in touch with Bogen and they expressed their surprise and dismay that USAC is taking this action. They have assured us that they are prepared to help clarify this position and show USAC that the system in question is truly eligible in the context in which it is being used.

We have spoken to numerous colleagues, other service providers for USAC, and they are all in agreement that this action must have come from a lack of knowledge of the system. If USAC should continue with this action and deem the Bogen expansion system as ineligible, it would create extreme hardship amongst many of the service providers who have been using this system in good faith. The Bogen system has been on USACs eligibility lists for over twelve years. It has been reviewed numerous times by USACs Program Integrity Assurance (PIA) reviewers and has been judged eligible time and time



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again. The Service Providers installed the systems with the backing of USACs approval. If USAC should find that the Bogen system, for reasons that we cannot fathom, should indeed be ineligible, that would change the status of the system and that change should only be instituted going forward. Monies should not be retracted from the service providers for systems that were approved by USAC and installed as expected.

At this point we would like to address some additional details that might come up during the review of this appeal, since there is room for potential ineligibility for the Bogen system when designed differently than the way we utilize it. We would like to point out these details in order to avoid possible obstacles to this appeal.

1. ***The Bogen System being used as an intercom:*** As we mentioned before, the Bogen Multicom system can be installed as a stand-alone intercom or public address system. However, the way our system is designed is not as an (ineligible) intercom system. The Bogen system we employ affords the eligible PBX to function as defined in the Eligible Services List: "A PBX is a centralized telephone switching system located at a business or organization site. The PBX provides internal station-to-station dialing and access to the public switched network." (page 42). In addition, as quoted in the Eligible Services List: "An intercom system that is an integral component of a PBX or other eligible product that is included in the cost of the eligible component is eligible." (page 15).
2. ***The Bogen System being deemed as "redundant":*** Nowhere in the Eligible Services Lists does it mention "redundant" other than on page 16, where it states that "components that are installed in standby mode, redundant, not active and online, or otherwise not an essential element in the transmission of information within the school or library..." Since the Bogen system in question provides telephone services and is "an essential element in the transport of telephone services within a school or library" (page 14), the Bogen PBX Expansion system, the way we design and install it, is eligible. The Bogen system is continuously functioning and accessible and is located in areas within the school or library which are not covered by the primary PBX, therefore there is no issue of redundancy.
3. ***The Bogen System as not being cost effective:*** As previously mentioned, the Bogen PBX Expansion Unit is typically used to provide telephone services for those locations within the school that require single line telephones. Although each system is individually assessed for the needs of that location, it has generally been established that the total installation cost of using the Bogen system for the single line telephones combined with a primary PBX will be similar to the cost of expanding the other PBX to accommodate the capacity required to provide single

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line telephone services to the areas that the Bogen system serves. In addition, the benefit of a more durable system which was specifically designed for schools, and classroom use in particular, adds more value to the system. The greater reliability, combined with the fact that the cost of the system component cards and especially the station cards for the Bogen Expansion system are usually less expensive than those of the "primary" PBX, makes maintenance and replacement costs lower, further enhancing the cost effectiveness consideration. Based on these factors and the additional significance of durability and lower maintenance costs, the Bogen PBX Expansion system being used in conjunction with another PBX is truly cost effective.

We would now like to address the issue of the commitment adjustment letter itself: On the "Funding Commitment Adjustment Report" the reason for the commitment adjustment is stated as follows: "...During a review, it was determined that funding was provided for the following ineligible item: PBX Expansion Maintenance for Classrooms... FCC rules provide that funding may be approved only for eligible products and/or services." The paragraph continues with information as to how determine if a product and/or service is eligible; it states "The USAC web site contains a list of eligible products and/or services. See the web site, [www.usac/sl/about/eligible-services-list.aspx](http://www.usac/sl/about/eligible-services-list.aspx) for the Eligible Services List".

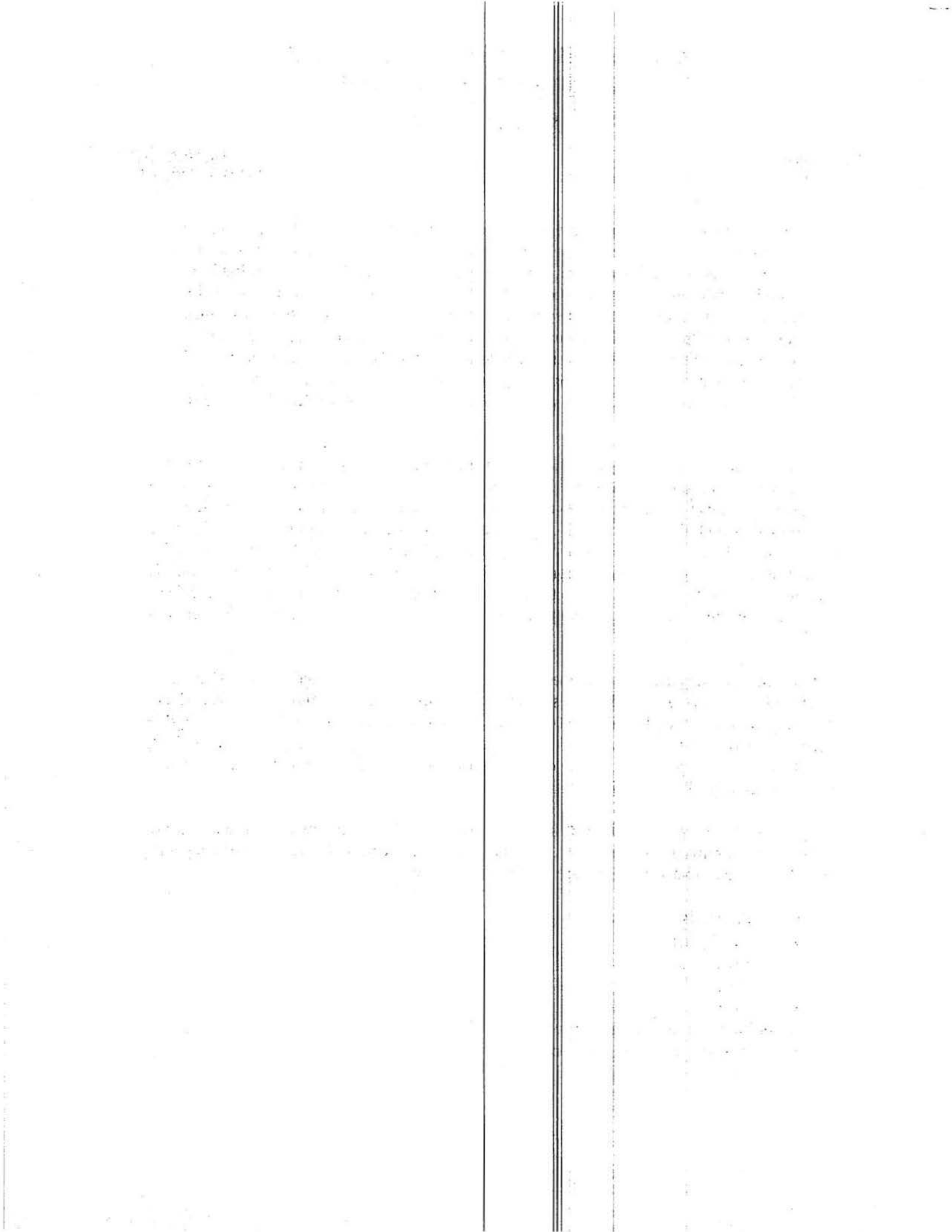
When this installation and maintenance was billed, the Bogen PBX Expansion consisting of the Bogen Multicom system was an approved and eligible product. (I am attaching copies of the eligibility lists for these components taken from the USAC Eligible Services website at that time.) In addition, according to the current Eligible Services List, the Bogen PBX Expansion system meets the criteria of an eligible product as a "Private Branch Exchange (PBX)" and as a "Key System".

According to the Eligible Services List (page 14-15) the following components are eligible: "Centralized components that are an essential element in the transport of telephone services within a school or library are eligible. This includes:

- Private Branch Exchange (PBX)
- Key System (KSU)
- Voice Mail
- Wireless
- VoIP Telephony Equipment

In addition, the following features are also eligible:

- Automatic Route Selection (ARS)
- E911 Reader Board





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- Voice Compression Module
- Voice Interface Card

One switchboard/attendant console necessary for operation of each eligible PBX or eligible Centrex telephone service is eligible.

An intercom system that is an integral component of a PBX or other eligible product that is included in the cost of the eligible component is eligible."

The Bogen PBX Expansion functioning as a "Private Branch Exchange (PBX)" or as a "Key System" provides telephone services (to the Public Switched Network and for internal use) and is therefore an eligible product.

Continuing with the "Funding Commitment Adjustment Report", the report continues with the following statement: "On the SPAC Form, the authorized person certifies at Item 10 that the service provider has billed its customer for services deemed eligible for support. Therefore USAC has determined that the service provider is responsible for this rule violation. Accordingly, the commitment has been reduced by.... and USAC will seek recovery of any improperly disbursed funds from the service provider."

On the SPAC Form, the full text of Item 10 is as follows:

"10. The Service Provider Invoice Forms that are submitted by this service provider contain requests for universal service support for services which have been billed to the service provider's customers on behalf of schools, libraries, and consortia of those entities, *as deemed eligible for universal service support by the fund administrator.*" (italicized for emphasis)

Paragraph 10 clearly states that the determination of eligibility is the responsibility of the Fund Administrator. With the SPAC, the Service Provider is certifying that he is billing for items *that have been approved for funding by the fund administrator* and were judged as being eligible. Based on the information provided above, the PBX Expansion for Classrooms was deemed eligible by the fund administrator as evidenced by the fact that the items were listed on the website as eligible and the system meets the requirements of the Eligible Services List. In addition the application in which the PBX Expansion for Classrooms was included was assessed through the Program Integrity Assurance (PIA) procedure and found to be eligible. All the components were clearly listed on the Item 21 Attachment which was thoroughly reviewed by PIA so there can be no dispute that known to be ineligible items were included and were only revealed during the subsequent review. Moreover, the Bogen PBX Expansion for Classrooms System has been reviewed by PIA and approved for funding by the program numerous times for over twelve years. Even if the fund administrator were to decide, for any reason, that the Bogen PBX Expansion Unit should be judged ineligible, that would constitute a change in its status. It would be

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unreasonable to expect the Service Provider to make a determination of ineligibility that the fund administrator himself had not done after over twelve years of review.

Based on the above, we feel that we, as Service Providers, acted correctly when billing for the PBX Expansion for Classroom and we should not be held liable for any violation of program rules.

To conclude our appeal we note, as per the above explanations, that:

- a. The Bogen PBX Expansion Unit, as designed and installed, was (is) an eligible product so there is no basis for the commitment adjustment.
- b. At the time of billing the Bogen PBX Expansion Unit was reviewed and deemed eligible by the fund administrator so the Service Provider did not violate any program rules.

Therefore, we respectfully request that the commitment adjustment action be rescinded in full.

Respectfully yours,

HASHOMER ALARM SYTEMS, INC.



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Peretz Klein, President

PK:srk  
Enc.

